



PROSPERITY —————
BANCSHARES, INC.®



PROSPERITY BANK®

CODE OF ETHICS AND BUSINESS CONDUCT

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Last Approved by the Bank Holding Company Board of Directors on 07/17/18

Last Approved by the Prosperity Bank Board of Directors on 07/17/18

INTRODUCTION

This Code of Ethics and Business Conduct (the “Code”) covers a wide range of business practices and procedures. It applies to all directors, officers and associates (officers and associates are collectively referred to as “associates”) of Prosperity Bancshares, Inc., Prosperity Bank, and their subsidiaries (collectively referred to as the “Bank”). In certain cases, the board of directors and officers of the Bank may be expressly differentiated in order to clearly define certain obligations of their respective offices.

The Code does not cover every issue that may arise, but it sets out basic principles to guide all directors and associates of the Bank. All Bank directors and associates must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. The purpose of this Code is to:

- Promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Promote full, fair, accurate, timely, and understandable disclosure in the periodic reports required to be filed by the Bank;
- Promote compliance with applicable governmental rules and regulations;
- Promote the prompt internal reporting of violations of the Code to an appropriate person; and
- Provide accountability for adherence to this Code.

The Bank also expects its suppliers, service providers, and external business partners to adhere to these standards. If a law conflicts with the Code, directors and associates must comply with the law. Questions regarding a conflict between the Code and a law should be directed to a manager/supervisor.

Anyone who violates the standards in this Code will be subject to disciplinary action, up to and including termination of employment. If faced with a situation that may violate or lead to a violation of this Code, directors and associates must follow the guidelines described in the Compliance Standards Procedures set forth below.

COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Obedying the law, both in letter and in spirit, is the foundation on which the Bank's ethical standards are built. All directors and associates must respect and obey the laws of the jurisdictions in which the Bank operates.

Although not all directors and associates are expected to know the details of these laws, it is important to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel. Evidence of a potential material violation of laws, rules or regulations applicable to the Bank, by the Bank or anyone acting on its behalf, should be brought to the attention of appropriate senior management.

In addition, directors and associates must provide, or cause to be provided, full, fair, accurate, timely and understandable disclosure in all reports and documents filed with or submitted to the Securities

and Exchange Commission and other governmental agencies, in accordance with any governmental law, rule, or regulation and in other public communications made by the Bank.

Failure to fulfill the responsibilities under this policy is grounds for disciplinary action, up to and including termination of employment. Failure to meet these responsibilities may also adversely affect compensation opportunities.

BREACH OF TRUST OR DISHONESTY

The Bank has the right to expect certain basic standards of conduct and behavior from its directors and associates. The Bank's fundamental expectation is honesty and integrity in all things.

Unfortunately, there is no formula or set of guidelines that can define appropriate ethical and moral judgment in every situation a director or an associate might face. Therefore, the Bank depends upon the good judgment, common sense, and willingness of its directors and associates to seek advice from others within the Bank when difficult or confusing situations arise.

The Bank has one absolute and unwavering expectation: that every director or associate, regardless of position, title or authority, will conduct himself or herself with honesty and integrity in all matters and things. This not only means that falsification, misrepresentation and untruthfulness will not be tolerated, but that the Bank cannot accept conduct, statements, and "omissions" which are misleading or result in impressions or conclusions which distort the truth. This necessarily means that the Bank expects its directors and

associates to courteously and candidly cooperate in all Bank investigations or inquiries.

CONFLICT OF INTEREST

A "conflict of interest" exists when an individual's private interest interferes in any way with the interests of the Bank. A conflict situation can arise when a director or an associate takes actions or has interests that may make it difficult to perform his or her Bank work objectively and effectively. Conflicts of interest may also arise when a director or an associate, or a member of his or her family, receives personal benefits as a result of his or her position in the Bank.

Directors and associates must avoid any conflict of interest, whether actual or apparent, between personal or professional relationships, involving loans, investments, gifts, or other activity which may interfere with the independent and objective exercise of judgment.

When representing the Bank in dealing with any person or firm with whom a director or associate has a family connection, significant financial interest, or other close personal involvement, the person or firm should be referred to a disinterested associate.

Use of insider information for financial gain is prohibited by law. If a director or an associate has access to sensitive information prior to its disclosure to the public, he or she is responsible for protecting the confidentiality of that information and are prohibited from any use of that information to achieve financial gain for himself or herself or others.

It would almost always be a conflict of interest for a Bank director or associate to work simultaneously for a competitor, customer or supplier, and directors and associates are not allowed to work for a competitor, customer or supplier, whether as an associate, consultant or board member, without the approval of the Board. The best policy is to avoid any direct or indirect business connection with the Bank's customers, suppliers or competitors, except on behalf of the Bank. Conflicts of interest are prohibited as a matter of Bank policy, except under guidelines approved by the Board of Directors. Conflicts of interest may not always be clear-cut, so questions should be directed to a manager/supervisor or the Bank's General Counsel.

The purpose of business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be offered, given, provided or accepted by any Bank associate, family member of an associate or agent unless it: (i) is not a cash gift, (ii) is consistent with customary business practices, (iii) is not excessive in value, (iv) cannot be construed as a bribe, kickback, payoff or illegal payment and (v) does not violate any laws or regulations. Any gift that does not meet these requirements should be reported to the Chief Executive Officer or the General Counsel. Further, any entertainment provided by the Bank should have a clear business purpose, not be excessive, and be in compliance with Internal Revenue Service regulations and the Bank's expense account rules. Any questions regarding gifts should be directed to a manager/supervisor or the General Counsel.

As a general rule, substantial gifts (defined as anything of value equal to or exceeding \$200.00) should not be given or accepted. Any such substantial gift should be reported to the Chief Executive Officer or General Counsel of the Bank.

The above policies relating to gifts and entertainment are not intended to interfere with the normal exchange of common courtesies, reasonable favors, and the expressing of goodwill between the Bank and customers or friends. The spirit of the policies is to ensure that directors, associates and others with whom they have contact maintain objectivity and avoid conflicts of interest in business relationships.

The payment or receipt of money, gifts, services, or things of value which could be construed as a bribe, kickback, or illegal payment from or to any individual or firm with whom the Bank does or hopes to do business with is prohibited.

Any material, transaction or relationship that reasonably could be expected to give rise to a conflict of interest should be reported to a manager/supervisor, the Human Resources Department, or General Counsel.

Any questions about an actual or potential conflict should be discussed with a manager/supervisor, the Human Resources Department or other appropriate personnel. Facts that may be considered in evaluating a potential conflict of interest are, among others:

- whether it may interfere with the individual's job performance, responsibilities, or morale;

- whether the individual has access to confidential information;
- whether it may interfere with the job performance, responsibilities, or morale of others within the Bank;
- any potential adverse or beneficial impact on the Bank's business;
- any potential adverse or beneficial impact on the Bank's relationships with customers, suppliers, or other service providers;
- whether it would enhance or support a competitor's position;
- the extent to which it would result in financial or other benefit (direct or indirect) to the individual;
- the extent to which it would result in financial or other benefit (direct or indirect) to any of the Bank's customers, suppliers, or other service providers; and
- the extent to which it would appear improper to an outside observer.

CAMPAIGN AND PERSONAL POLITICAL CONTRIBUTIONS

The Bank encourages the voluntary participation of its directors and associates in activities of the political party of his or her choice, elections, and other matters of civic importance. Political contributions are heavily regulated. Because of potential legal, corporate policy, compliance, and reputation risk, Bank funds may not be used to make any contributions or payments to government officials, candidates, or their campaign committees.

The following guidelines govern associate involvement in political activities:

- A director or associate's political activity in support of any candidate or party is solely a matter of personal choice, so long as there is no regulatory prohibition or restriction on such contributions.
- Directors and associates must not give the impression that they speak or act for the Bank in any political activity. Their activity must clearly be their own as an individual.
- Directors and associates may not engage in any political activity during work time or using Bank property to conduct such activity, and may not be reimbursed for any campaign contributions.

The political interests and activities of directors and associates must not interfere with his or her work or the work of other directors and associates.

If a director or an associate is interested in serving in some capacity in a partisan campaign, he or she should consult with a manager/supervisor or the General Counsel in advance of such undertaking.

This Code is not intended to prevent the communication of Bank views to legislators, governmental agencies, or to the general public with respect to existing or proposed legislation or governmental policies or practices affecting business operations. Moreover, under this Code, reasonable costs incurred by the Bank to establish or administer a political action committee or activities organized to solicit voluntary political contributions from individual directors or associates will not be regarded as contributions to political parties or candidates, where the Bank may lawfully incur such costs.

INSIDER TRADING

Directors and associates who have access to material non-public information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business. To use non-public information for personal financial benefit or to "tip" others who might make an investment decision on the basis of that information is not only unethical but also illegal. In order to assist with compliance with laws against insider trading and related laws, the Bank has adopted an *Inside Information and Insider Trading Policy* governing associates' trading in securities of the Bank. Directors and associates should consult the *Inside Information and Insider Trading Policy* (available on the Share Drive) for more specific information on the definition of "material" information and on buying and selling Bank securities or securities of companies with which the Bank does business.

IRREGULAR BUSINESS CONDUCT

Irregular business conduct (which includes any criminal, fraudulent, or illegal conduct, any impropriety, lack of professional responsibility, or dishonesty) will not be tolerated under any circumstances. Such conduct may not only be subject to internal disciplinary action but may also lead to criminal prosecution or civil suit. Examples of such conduct include but are not limited to:

- **Anti-Competitive Behavior.** Generally an agreement with a competitor to engage in activity that may unduly lessen competition (e.g., to set interests rates, fees, prices). Competition laws are very complex and vary between jurisdictions.

Directors and associates should seek legal guidance from the General Counsel in any circumstance that might be perceived as anti-competitive.

- **Bribery.** Engaging in any act that can be perceived as giving or receiving a bribe or other questionable payment.
- **Commission Sharing.** The sharing of commissions such as finder's fees or secret commissions with any other employee, director, agent, or broker who is not licensed to buy or sell the security or instrument in question, or who is not part of an established commission-sharing program.
- **Kitting.** Inflating the balance in an account with artificial funds, usually through manipulating the clearing system and banking machines so as to be able to gain unauthorized access to cash or credit. Kiting is never acceptable, even if it does not cause a loss to the Bank.
- **Money Laundering.** Making profits derived from criminal activity appear as if they came from legitimate business activity is a criminal offence, and knowingly failing to report a suspected money laundering scheme is also a criminal offence.
- **Theft and Fraud.** Defalcation, embezzlement, or misappropriation of funds or property belonging or entrusted to the Bank.

Disregard of the law will not be tolerated. Unlawful conduct or activities outside of an associate's employment or service as a director are a reflection on the Bank and may also constitute a violation of this Code.

CORPORATE OPPORTUNITIES

Directors and associates are prohibited from taking for themselves personally opportunities that are discovered through the use of Bank property, information or position without the consent of the Board of Directors. No associate may use Bank property, information, or position for improper personal gain, and no associate may compete with the Bank directly or indirectly. Directors and associates owe a duty to the Bank to advance its legitimate interests when the opportunity to do so arises.

COMPETITION & FAIR DEALING

The Bank seeks to outperform its competition fairly and honestly. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present associates of other companies is prohibited. Each director and associate should endeavor to respect the rights of and deal fairly with the Bank's customers, suppliers, competitors and associates. No director or associate should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice.

CONFIDENTIALITY

Directors and associates must maintain the confidentiality of confidential information entrusted to them by the Bank or its customers, except when disclosure is authorized by the General Counsel or required by laws or regulations. Confidential information includes trade secret and copyright information,

attorney-client advice and communications, competitive information concerning clients and loans, information regarding the development of systems, processes, products, technology, internal reports, procedures, operating manuals, data processing systems, programs, data bases, data, sales and marketing information, marketing strategies and financial information.

Additionally, directors and associates are required by law and the Code to keep all customer information confidential by complying with the following obligations:

- Confidential information, including customer account information, should not be accessed without a legitimate Bank business reason.
- Confidential information should not be disclosed to those without a need for such information because of their Bank responsibilities.
- Customer information should never be disclosed outside the Bank to anyone other than the customer unless the General Counsel has approved the disclosure or the customer has authorized the disclosure.
- Confidential information should never be used for personal financial gain or to compete with the Bank.
- All appropriate steps should be taken to ensure the security of the confidential information.

If a director or an associate believes that he or she has a legal obligation to disclose confidential information, that individual should consult the Human Resources Department or General Counsel prior to any disclosure. The obligation to preserve

confidential information continues even after employment ends.

DISCRIMINATION AND HARASSMENT

The Bank is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind.

An associate who feels he or she is being harassed or discriminated against in violation of the Bank's policy should follow the reporting procedures outlined in the Associate Handbook, the Whistleblower Program, and below, under *Reporting Misconduct / Whistle-Blower Program*.

The Bank takes retaliation of a good faith report of harassment very seriously. Retaliation is a violation of this Code. Violations of the Bank's policy against retaliation should be reported as set forth below and in the Associate Handbook.

PROTECTION AND PROPER USE OF BANK ASSETS

All directors and associates should endeavor to protect the Bank's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the Bank's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. Bank facilities and equipment should not be used for non-Bank business.

The obligation of directors and associates to protect the Bank's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, customer

and vendor lists and information, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Bank policy. It could also be illegal and result in civil or even criminal penalties.

PAYMENTS TO GOVERNMENTAL PERSONNEL

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country.

In addition, the U.S. government has a number of laws and regulations regarding business gratuities that may be accepted by U.S. government personnel. The promise, offer or delivery to an official or associate of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Bank policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules. The Bank's General Counsel can provide guidance to you in this area.

HEALTH AND SAFETY

The Bank strives to provide directors and associates with a safe and healthy work environment. Each associate has responsibility for maintaining a safe and healthy workplace for all associates, by following safety and health rules and practices and reporting accidents, injuries

and unsafe equipment, practices or conditions.

Violence and threatening behavior are not permitted. Associates should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of drugs in the workplace will not be tolerated without proper documentation from a medical professional.

WAIVERS

Any waiver of any provision of this Code for a member of the Bank's Board of Directors or an executive officer must be approved in writing by the Bank's Board of Directors and promptly disclosed in accordance with law. Any waiver of any provision of this Code with respect to any other associate, agent, or contractor must be approved in writing by (i) the CEO; or (ii) the Board of Directors; or (iii) the Audit Committee.

RECORD-KEEPING

The Bank requires honest and accurate recording and reporting of information in order to make responsible business decisions. For example, only the true and actual number of hours worked should be reported.

Business expenses must be documented and recorded accurately. If you are not sure whether a certain expense is legitimate, ask your manager/supervisor.

All of the Bank's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Bank's transactions and must conform both to

applicable legal requirements and to the Bank's system of internal controls.

Documents retained or accounts opened must be a complete and accurate record of the circumstances or transaction. Improperly creating, reproducing, copying, forging or falsifying a signature or initial, creating a false document, or otherwise unethically altering or manipulating any document for any reason will not be tolerated under any circumstances. Indeed, such conduct will subject an associate to discipline, up to and including termination.

Business records and communications often become public, and associates should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memos, and formal reports.

Records should always be retained or destroyed according to the Bank's record retention policies.

REPORTING MISCONDUCT / WHISTLE-BLOWER PROGRAM

All violations of the Code are to be reported promptly to a manager/supervisor or the EVP/Cashier. Directors and associates are also encouraged to talk to supervisors, managers, the Human Resources Department, General Counsel, Director of Internal Audit or other appropriate personnel about observed illegal or unethical behavior and when in doubt about the best course of action in a particular situation. In addition, directors and associates may report any fraud, violation of law or any unethical behavior

through the Bank's Anonymous Reporting Hotline through Lighthouse Services

Lighthouse Hotline 833-640-0007

Lighthouse is an independent third party that provides anonymous toll free hotline access within the United States 24 hours a day, 365 days a year.

It is the policy of the Bank not to allow harassment or retaliation for reports of misconduct by others made in good faith. Directors and associates are expected to cooperate in internal investigations of misconduct. Any reports of a violation may be made anonymously and confidentiality will be protected, subject to applicable law, regulation or legal proceeding.

When a supervisor, manager or other person receives a report of a violation of law or unethical behavior pursuant to this policy, that person shall be responsible for bringing such reports to the attention of his or her manager/supervisor, the Human Resources Department, the General Counsel or the Director of Internal Audit as appropriate, in accordance with the reporting procedures contained in this policy. Individuals receiving such reports must endeavor to honor the confidentiality and anonymity of the reporting person, subject to applicable law, regulation or legal proceedings.

COMPLIANCE STANDARDS PROCEDURE

The Bank, directors and associates must work together to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know if a violation has occurred. Since it is impossible to

anticipate every situation that will arise, it is important to have a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure to have all the facts. In order to reach the right solutions, one must be as fully informed as possible.
- Discuss the problem with a manager/supervisor. This is the basic guidance for all situations. In many cases, a manager/supervisor will be more knowledgeable about the question, and will appreciate being brought into the decision-making process. Remember that a manager/supervisor may be able to help avoid or solve problems.
- Seek help from the Bank resources. In the rare case where it may not be appropriate to discuss an issue with a manager/supervisor, or where a director or associate does not feel comfortable approaching the manager/supervisor, the Human Resources Department is available to help. If, for any reason, the individual does not feel comfortable talking to any of these authorities, the Bank's General Counsel will help. The General Counsel represents the Bank, and does not represent any individual associate of or consultant to the Bank.
- Report ethical violations in confidence and without fear of harassment or retaliation. If a particular situation requires that the identity of the reporter be kept secret, his or her anonymity will be protected to the extent possible while responding to the violation. The Bank does not permit

retaliation of any kind against associates for good faith reports of ethical violations.

- Always ask first, act later. If unsure of what to do in any situation, seek guidance before acting.

PROVISIONS APPLICABLE TO CHIEF EXECUTIVE OFFICER AND SENIOR FINANCIAL OFFICERS

As used in this Section, the term "Senior Financial Officer" means the Bank's Chief Financial Officer, Principal Accounting Officer and Controller, or persons performing similar functions. The Chief Executive Officer and Senior Financial Officers are subject to this entire Code. In addition, however, the Chief Executive Officer and Senior Financial Officers are subject to this provision, which has been adopted by the Board of Directors to deter wrongdoing and promote honest and ethical conduct, proper disclosure of financial information in the Bank's reports and documents that the Bank files with, or submits to, the Securities and Exchange Commission and in other public communications, and compliance with applicable laws, rules, and regulations by the Bank's Chief Executive Officer and Senior Financial Officers.

In performing his or her duties, each of the Chief Executive Officer and Senior Financial Officers must:

- maintain high standards of honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- report to the Audit Committee of the Board of Directors any conflict of interest that may arise and any

material transaction or relationship that reasonably could be expected to give rise to a conflict;

- provide, or cause to be provided, full, fair, accurate, timely, and understandable disclosure in reports and documents that the Bank files with or submits to the Securities and Exchange Commission and in other public communications made by the Bank and maintain the Bank's accounting records in accordance with all applicable laws, including that they must be proper, supported and classified and must not contain any false or misleading entries;
- comply and take all reasonable actions to cause others within the Bank to comply with applicable governmental laws, rules, and regulations;
- promptly bring to the attention of the General Counsel and the Audit Committee any information concerning (i) significant deficiencies in the design or operation of internal controls which could adversely affect the Bank's ability to record, process, summarize and report financial data or (ii) any fraud, whether or not material, that involves management or other associates who have a significant role in the Bank's financial reporting, disclosures or internal controls; and
- promptly report violations of this Section to the Audit Committee.

Any request for a waiver of any portion of this provision must be in writing and addressed to the Audit Committee. Any

waiver of any portion of this provision will be disclosed promptly on Form 8-K or any other means specified by the Securities and Exchange Commission.

The Audit Committee will assess compliance with this provision, and shall determine appropriate actions to be taken in the event of a violation of this Section by the Chief Executive Officer or any Senior Financial Officer. Any such actions shall be reasonably designed to deter wrongdoing and to promote adherence to this provision, and shall take into account all information the Audit Committee deems relevant, including the nature and severity of the violation, whether the violation was a single occurrence or one of several repeated occurrences, whether the violation appears to have been intentional or inadvertent, whether the individual in question had been advised prior to the violation as to the proper course of action and whether or not the individual in question had committed other violations in the past.